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E.O.11652: N/A
TAGS: ENRG OECD
SUBJECT: IEA MINISTERIAL DECISION PACKAGE

1. TRANSMITTED BELOW IS THE DRAFT DECISION ON GROUP OBJECTIVES AND PRINCIPLES FOR ENERGY POLICIES WHICH EMERGED FROM JUNE 27-28 IEA GOVERNING BOARD. CONCLUSIONS OF THAT MEETING, FULL TEXT OF WHICH HAND-CARRIED JULY 13 BY HICKEY (EB/ORF/FSE), ALSO CONTAIN A DRAFT ENTRY IN THE CONCLUSIONS OF THE GOVERNING BOARD AT MINISTERIAL LEVEL IN WHICH THE DECISION IS ADOPTED.

2. BEGIN TEXT

ANNEX I TO THE CONCLUSIONS
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DRAFT DECISION ON GROUP OBJECTIVES AND
PRINCIPLES FOR ENERGY POLICY

THE GOVERNING BOARD

CONSIDERING:

THAT THE WORLD IS CONFRONTED WITH THE SERIOUS RISK THAT AS EARLY AS THE 1980'S IT WILL NOT HAVE SUFFICIENT OIL AND OTHER FORMS OF ENERGY AVAILABLE AT REASONABLE PRICES UNLESS PRESENT ENERGY POLICIES ARE STRENGTHENED;

THAT SUCH A SITUATION WOULD HAVE SEVERE ECONOMIC, SOCIAL AND POLITICAL REPERCUSSIONS IN ALL INTERNATIONAL ENERGY AGENCY COUNTRIES AND THROUGHOUT THE WORLD;
THAT IEA COUNTRIES MUST HELP REDUCE THIS RISK BY A STRONG AND SUSTAINED POLICY RESPONSE DESIGNED TO MAKE MORE EFFECTIVE USE OF ENERGY RESOURCES AND PUT MORE EMPHASIS ON LESS DEPLETABLE ENERGY SOURCES;

THAT PROMPT ACTION IN THIS REGARD SHOULD BE A MAJOR AND ESSENTIAL ELEMENT OF IEA COUNTRIES' ENERGY POLICIES IN THE DEVELOPMENT OF THEIR GENERAL ECONOMIC STRATEGY, TAKING INTO ACCOUNT ENVIRONMENTAL AND SAFETY ASPECTS OF THE USE OF ENERGY RESOURCES;

THAT THE POLICY RESPONSE OF IEA COUNTRIES SHOULD BE CONCERTED, HAVING REGARD TO THE CONSEQUENCES OF ACTION IN INDIVIDUAL IEA COUNTRIES FOR ENERGY SUPPLY AND DEMAND IN OTHER COUNTRIES, AND TAKING INTO ACCOUNT THE PROVISIONS OF THE AGREEMENT ON AN INTERNATIONAL ENERGY PROGRAM AND THE LONG-TERM CO-OPERATION PROGRAM:
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DECIDES:

1. THAT, IN ORDER TO MAINTAIN EQUILIBRIUM IN ENERGY MARKET CONDITIONS, IT WILL BE THE OBJECTIVE OF IEA COUNTRIES AS A GROUP TO HOLD THEIR TOTAL OIL IMPORTS TO NOT MORE THAN 26 MILLION BARRELS PER DAY IN 1985; AND THAT THEY WILL ESTABLISH GROUP OBJECTIVES FOR SUCCESSIVE PERIODS;

2. THAT, IN ORDER TO ACHIEVE THE GROUP OBJECTIVES, IEA COUNTRIES WILL REINFORCE THEIR PRESENT EFFORTS:
(A) BY ENDORSING THE PRINCIPLES FOR ENERGY POLICY SET FORTH IN ANNEX I HERETO, WHICH IEA COUNTRIES ARE DETERMINED TO FOLLOW IN THE ESTABLISHMENT AND IMPLEMENTATION OF NATIONAL ENERGY POLICIES;

(B) BY CONTRIBUTING, AS INDIVIDUAL IEA COUNTRIES, TO THE ACHIEVEMENT OF THE GROUP OBJECTIVES THROUGH THE ENERGY POLICIES AND MEASURES WHICH THEY ADOPT; THE INDIVIDUAL STATEMENTS SET FORTH IN ANNEX II HERETO DESCRIBE THE POLICIES AND MEASURES WHICH GOVERNMENTS INTEND TO TAKE

FOR THIS PURPOSE, HAVING TAKEN INTO ACCOUNT THE PRINCIPLES FOR ENERGY POLICY SET FORTH IN ANNEX I HERETO AND

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THE RESULTS OF THE IEA'S COUNTRY REVIEWS;

(C) BY REVIEWING SYSTEMATICALLY EACH YEAR WITHIN THE
REVIEW PROCESS OF THE INTERNATIONAL ENERGY AGENCY:

- THE CONTRIBUTION OF IEA COUNTRIES TO THE
ACHIEVEMENT OF THE GROUP OBJECTIVES REFERRED TO IN
PARAGRAPH 1;

- THE CONTINUING VALIDITY OF THE GROUP
OBJECTIVES; AND

- THE NEED FOR ESTABLISHMENT OF OBJECTIVES FOR
LATER YEARS;

TAKING ACCOUNT OF IEA COUNTRIES' INDIVIDUAL CIRCUMSTANCES
(INCLUDING THE TIMING CONSIDERED APPROPRIATE FOR THE IM-
PLEMENTATION OF ENERGY POLICIES), OF THE PRINCIPLES FOR
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ENERGY POLICY SET FORTH IN ANNEX I HERETO, OF THE POLICIES AND MEASURES STATED IN ANNEX II HERETO, AND OF THE NEED FOR ENSURING EQUIVALENCE OF EFFORT AMONG ALL IEA COUNTRIES;

(D) BY ACCEPTING THE NEED TO FURTHER STRENGTHEN THEIR POLICIES AND MEASURES AS MAY BE NECESSARY TO MEET THE GROUP OBJECTIVES, TAKING INTO ACCOUNT THE RESULTS OF THE REVIEWS IN THE INTERNATIONAL ENERGY AGENCY.

ANNEX I TO THE DECISION

PRINCIPLES FOR ENERGY POLICY

1. FURTHER DEVELOPMENT BY EACH PARTICIPATING COUNTRY OF NATIONAL ENERGY PROGRAMS AND/OR POLICIES WHICH INCLUDE THE OBJECTIVE, FORMULATED AS SPECIFICALLY AS POSSIBLE, OF REDUCING IN ABSOLUTE TERMS OR LIMITING FUTURE OIL IMPORTS THROUGH CONSERVATION OF ENERGY, EXPANSION OF INDIGENOUS ENERGY SOURCES AND OIL SUBSTITUTION.
2. CONSTANT AND CAREFUL ATTENTION TO IMPORTANT ENVIRONMENTAL, SAFETY, REGIONAL AND SECURITY CONCERNS TO WHICH THE PRODUCTION, TRANSPORTATION AND USE OF ENERGY GIVE RISE, AND IMPROVEMENT OF THE SPEED AND CONSISTENCY OF PUBLIC PROCEDURES FOR RESOLVING CONFLICTS WHICH MAY EXIST BETWEEN THESE CONCERNS AND ENERGY REQUIREMENTS.
3. ALLOWING DOMESTIC ENERGY PRICES TO REACH A LEVEL WHICH ENCOURAGES ENERGY CONSERVATION AND DEVELOPMENT OF ALTERNATIVE SOURCES OF ENERGY.
4. STRONG REINFORCEMENT OF ENERGY CONSERVATION, ON A LIMITED OFFICIAL USE

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HIGH PRIORITY BASIS WITH INCREASED RESOURCES, FOR THE PURPOSE OF LIMITING GROWTH IN ENERGY DEMAND RELATIVE TO ECONOMIC GROWTH, ELIMINATING INEFFICIENT ENERGY USE, ESPECIALLY OF RAPIDLY DEPLETING FUELS, AND ENCOURAGING SUBSTITUTION FOR FUELS IN SHORTEST SUPPLY, BY IMPLEMENTING VIGOROUS CONSERVATION MEASURES (SUGGESTED CONSERVATION MEASURES ARE LISTED IN APPENDIX A) IN VARIOUS SECTORS ALONG LINES WHICH INCLUDE THE FOLLOWING ELEMENTS:

- PRICING POLICIES (INCLUDING FISCAL MEASURES) WHICH GIVE

INCENTIVES TO CONSERVATION;

- MINIMUM ENERGY EFFICIENCY STANDARDS;

- ENCOURAGEMENT AND INCREASE OF INVESTMENT IN ENERGY
SAVING EQUIPMENT AND TECHNIQUES.

5. PROGRESSIVE REPLACEMENT OF OIL IN ELECTRICITY GENER-
ATION, DISTRICT HEATING, INDUSTRIES AND OTHER SECTORS BY:

- DISCOURAGING THE CONSTRUCTION OF NEW EXCLUSIVELY OIL-
FIRED POWER STATIONS;

- ENCOURAGING THE CONVERSION OF EXISTING OIL-FIRED CAPA-
CITY TO MORE PLentiful FUELS IN ELECTRICITY, INDUSTRIAL
AND OTHER SECTORS;

- ENCOURAGING THE NECESSARY STRUCTURAL ADJUSTMENTS IN
THE REFINERY SECTOR IN ORDER TO AVOID AN EXCESS OF
HEAVY FUEL OIL;

- DIRECTING EFFORTS TO THE REDUCTION OF THE USE OF

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HEAVY FUEL OIL AS A PRIMARY ENERGY SOURCE IN THOSE SECTORS WHERE EFFICIENCY IS LOW.

6. APPLICATION OF A STRONG STEAM COAL UTILIZATION STRATEGY AND ACTIVE PROMOTION OF AN EXPANDED AND RELIABLE INTERNATIONAL TRADE IN STEAM COAL, COMPOSED OF THE FOLLOWING ELEMENTS:

- RAPID PHASING-IN OF STEAM COAL AS A MAJOR FUEL FOR ELECTRICAL POWER GENERATION AND IN INDUSTRIAL SECTORS;
- FURTHER DEVELOPMENT OF STEAM COAL POLICIES WITHIN PRODUCING, EXPORTING AND CONSUMING IEA COUNTRIES TO SUPPORT INCREASED UTILIZATION BY ENHANCING MARKET STABILITY THROUGH RELIABLE AND INCREASED EXPORT AND IMPORT FLOWS UNDER REASONABLE COMMERCIAL TERMS;

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- DEVELOPMENT OF POLICIES TO REMEDY ANTICIPATED INFRASTRUCTURE BOTTLENECKS.

7. CONCENTRATION OF THE USE OF NATURAL GAS ON PREMIUM USERS' REQUIREMENTS, AND DEVELOPMENT OF THE INFRASTRUCTURE NECESSARY TO EXPAND THE AVAILABILITY OF NATURAL GAS.

8. STEADY EXPANSION OF NUCLEAR GENERATING CAPACITY AS A MAIN AND INDISPENSIBLE ELEMENT IN ATTAINING THE GROUP OBJECTIVES, CONSISTENT WITH SAFETY, ENVIRONMENTAL AND SECURITY STANDARDS SATISFACTORY TO THE COUNTRIES CONCERNED AND WITH THE NEED TO PREVENT THE PROLIFERATION OF NUCLEAR WEAPONS. IN ORDER TO PROVIDE FOR THIS EXPANSION, IT WILL BE NECESSARY THROUGH CO-OPERATION TO ASSURE RELIABLE AVAILABILITY OF:

- ADEQUATE SUPPLIES OF NUCLEAR FUEL (URANIUM AND ENRICHMENT CAPACITY);
- ADEQUATE FACILITIES AND TECHNIQUES FOR DEVELOPMENT OF NUCLEAR ELECTRICITY GENERATION, FOR DEALING WITH SPENT FUEL, FOR WASTE MANAGEMENT, AND FOR OVERALL HANDLING OF THE BACK END OF THE NUCLEAR FUEL CYCLE.(1)

FOOTNOTE (1): INASMUCH AS NEW ZEALAND AND NORWAY HAVE NOT AS YET TAKEN A NATIONAL DECISION TO INTRODUCE NUCLEAR GENERATING CAPACITY, THIS PRINCIPLE DOES NOT APPLY TO THEM.

9. STRONGER EMPHASIS ON ENERGY RESEARCH, DEVELOPMENT AND

DEMONSTRATION, (2) INCLUDING COLLABORATIVE PROGRAMS, MORE INTENSIVE NATIONAL EFFORTS AND GREATER COORDINATION OF NATIONAL EFFORTS, IN ORDER TO MAKE ENERGY USE MORE EFFICIENT OFFICIAL USE

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CIENT AND TO MEET FUTURE ENERGY REQUIREMENTS. EACH PARTICIPATING COUNTRY SHOULD CONTRIBUTE TO ENERGY TECHNOLOGY DEVELOPMENT, WITH EMPHASIS ON (A) TECHNOLOGIES WHICH CAN HAVE RELATIVELY NEAR-TERM IMPACT, (B) POLICIES WHICH FACILITATE THE TRANSITION OF NEW ENERGY TECHNOLOGIES FROM THE RESEARCH AND DEVELOPMENT PHASE TO THE POINT OF UTILIZATION, (C) TECHNOLOGIES FOR BROADLY APPLICABLE RENEWABLE ENERGY SOURCES, AND (D) INVESTIGATION OF WHETHER THERE ARE ARE TECHNOLOGICAL POSSIBILITIES FOR SIGNIFICANT CONTRIBUTIONS FROM OTHER RENEWABLE RESOURCES, THROUGH:

- PROVIDING THE FULLEST POSSIBLE FINANCIAL SUPPORT FOR ENERGY RESEARCH, DEVELOPMENT AND DEMONSTRATION;
- INCREASING PARTICIPATION IN INTERNATIONAL COLLABORATIVE PROJECTS TO EXTEND THE EFFECTIVENESS OF FUNDS AVAILABLE;
- ENCOURAGING PRIVATE INVESTMENT IN ENERGY TECHNOLOGY DEVELOPMENT BY APPROPRIATE INCENTIVES;
- ENSURING THAT R&D POLICIES REMAIN CONSISTENT WITH AND SUPPORTIVE OF THE OBJECTIVE OF ONGOING ENERGY POLICY.

FOOTNOTE (2): THE PRINCIPAL R, D & D AREAS REQUIRING PRIORITY EMPHASIS ARE LISTED IN APPENDIX B. THE CONTENT OF APPENDIX B WILL REMAIN UNDER REVIEW BEFORE THE MINISTERIAL LEVEL MEETING TAKES PLACE.

10. ESTABLISHMENT OF A FAVORABLE INVESTMENT CLIMATE WHICH ENCOURAGES THE FLOW OF CAPITAL TO DEVELOP ENERGY RESOURCES BY APPROPRIATE PRICING POLICIES, BY MINIMIZING UNCERTAINTIES ABOUT THE GENERAL DIRECTIONS OF ENERGY AND

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OTHER POLICIES SUCH AS MENTIONED IN PRINCIPLE 2, AND BY
PROVIDING GOVERNMENT INCENTIVES WHERE NECESSARY, IN
ORDER TO:

- GIVE PRIORITY TO EXPLORATION ACTIVITIES INCLUDING
THOSE IN OFFSHORE AND FRONTIER AREAS;

- ENCOURAGE RATES OF EXPLORATION AND DEVELOPMENT OF
AVAILABLE CAPACITIES WHICH ARE CONSISTENT WITH THE
OPTIMUM ECONOMIC DEVELOPMENT OF RESOURCES.

11. PROVIDING IN ENERGY POLICY PLANNING FOR ALTERNATIVE
MEANS, OTHER THAN INCREASED OIL CONSUMPTION, FOR MEETING
ANY DEVELOPMENT OF SUPPLY SHORTFALL OR FAILURE TO ATTAIN
CONSERVATION OBJECTIVES.

12. APPROPRIATE COOPERATION IN THE FIELD OF ENERGY, IN-

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CLUDING EVALUATION OF THE WORLD ENERGY SITUATION, ENERGY
RESEARCH AND DEVELOPMENT AND TECHNICAL AND FINANCIAL RE-

QUIREMENTS, WITH DEVELOPED OR DEVELOPING COUNTRIES OR
INTERNATIONAL ORGANIZATIONS.

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